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The Marcos Connections in the Capital

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WASHINGTON, Nov. 11 — As debate over United States policy toward the Philippines has moved into the forefront in Washington in recent months, so has the discussion over President Ferdinand E. Marcos and his wife, Imelda, in the use of United States aid to their country.

Mrs. Marcos, in particular, has more than a passing interest in Washington, an interest that often mixes business, politics and family.

For one thing, the Washington-based United States Agency for International Development channels tens of millions of dollars in aid to the Philippines through that country's Ministry of Human Settlements, which Mrs. Marcos heads and which has its own Washington attaché to monitor aid issues.

Mrs. Marcos's brother, Benjamin T. Romualdez, is the Philippine Ambassador to the United States and negotiated the 1984 agreement that now governs much of the American economic and military assistance going to the Philippines.

Until early this year, another of the many Philippine Government corporations or agencies headed by Mrs. Marcos owned an expensive Georgetown restaurant specializing in Philippine food. It was then sold at less than a fifth of its original cost, according to legal papers, to a man said by the Philippine Embassy to be the son of a former Philippine official.

Finally, United States intelligence officials say Mrs. Marcos has privately invested considerable amounts of money in the United States, some of it in Washington property.

Aid Is Considered 'Rent'

Last summer opposition legislators in the Philippines filed a motion to impeach President Marcos on charges that huge overseas investments by relatives, friends and Government officials had helped destroy the economy. The effort failed, but it focused much attention on the finances of the Marcos family and the financial management of the Government.

The Philippines considers much of the aid from the United States to be rent for the military bases the United States uses there, and it resents any strings that come with the money.

"It's the prerogative of the Philippines to determine how the money will be utilized and the administration of the assistance," said Leonides T. Caday, the minister for political affairs at the Philippine Embassy here.

But official expressions of concern here about the use of that aid have even extended to the State Department, which held up tens of millions of dollars last summer because of dis-

satisfaction with the monopoly in flour distribution enjoyed by the Philippine National Food Authority, which is headed by Mrs. Marcos and is a subsidiary of the Ministry of Human Settlements.

Earlier, the House of Representatives approved an amendment calling for more food and development aid to the Philippines to be channeled through private rather than government channels such as the Ministry of Human Settlements. Recent audits by the General Accounting Office and the inspector general of the Agency for International Development have criticized the way the Philippines has handled United States aid given through the ministry.

The administrator of A.I.D., M. Peter McPherson, wrote Representative Charles E. Schumer, Democrat of Brooklyn, the author of the amendment, saying that the aid agency "shares the sentiment" that more "economic assistance to the Philippines should be routed through non-government channels to the maximum extent feasible."

The Senate did not go along with the amendment. But aid to the Philippines continues to be a hot issue on Capitol Hill.

"I remain skeptical of any program involving the Ministry of Human Settlements," Representative Stephen J. Solarz, another Brooklyn Democrat, said the other day.

As for Mrs. Marcos's private investments, she did not respond to written questions a reporter submitted to the embassy in Washington several weeks ago.

Asked about Mrs. Marcos's role in the Georgetown restaurant, now known as the Manila, Mr. Caday said, "It's not been owned by the Philippine Government." But records on file with the Philippine Government

and the District of Columbia Alcohol Beverage Control Board indicate otherwise.

They show that in 1982 the restaurant was purchased for \$270,000 by Philtrade Inc., an American corporation controlled by Food Terminal Inc., a Philippines Government corporation headed by Mrs. Marcos. Food Terminal is part of the Philippine National Food Authority, records further show.

Earlier this year the restaurant was sold by the Government for \$50,000 to a corporation controlled by Lorenzo J. Cruz, according to records on file with the District of Columbia. According to Mr. Caday, Mr. Cruz is in the restaurant business and is the son of Emilio A. Cruz, a former Government press spokesman who was also identified by the Philippine mission in New York as a former Philippine delegate to Unesco.

Repeated messages left for Lorenzo Cruz went unanswered. He was said to be in Manila.

Although Mr. Caday said the Philippine Government had never owned the restaurant, other Philippine officials, after looking further into the matter, confirmed that Mrs. Marcos's ministry controlled the restaurant at one point and offered an explanation as to why the Government had become involved in the investment.

"Food Terminal promotes Philippine food products and cuisine in the United States," said Victor Leviste, the agricultural attaché at the Philippine Embassy. "The best way to promote cuisine is a restaurant. The private sector community is hesitant to do this, so Philtrade was established and then it looked for Filipinos to take it over."

When asked about the difference between the initial cost of \$270,000 and the \$50,000 sale price, Mr. Leviste said, "I don't have the details."

On visits to Washington, Mrs. Marcos has met not only with leading American political figures but also with some leading American business figures.

In December 1981, for example, the GTE Corporation held a formal reception and dinner for Mrs. Marcos in Washington.

A Nov. 12, 1981, letter to Mrs. Marcos from Edgar Benditzky, the director of GTE International Inc., discussed the reception. The letter also talked about GTE's proposal to install a telephone system in the Philippines and to sell GTE's share in a telephone company to a corporation headed by Eduardo V. Romualdez Jr., Mrs. Marcos's cousin. The latter transaction was to be done "under the auspices of your Ministry," Mr. Benditzky told Mrs. Marcos.

"We intend to have as many industrial chief executives and U.S. legislators and their wives as possible attending, and would hope that you would be prepared to address the gathering on the topic of your choice following the conclusion of the dinner," Mr. Benditzky wrote.

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The black-tie reception and dinner, originally scheduled in New York, was transferred to Washington.

A GTE spokesman said the reception was to "celebrate our 25 years in the Philippines." He added that the transactions discussed in the letter had not taken place as suggested and that the company could provide no additional information about the reception or the transactions.

'A Personal Fortune'

According to Congressional and intelligence officials and reports, Mrs. Marcos, in addition to her official activities — she is also the Mayor of Manila — has accumulated considerable personal wealth, much of it invested in the United States.

A 1984 staff report by the Senate Foreign Relations Committee said, "Mrs. Marcos is believed to have a personal fortune running into the hundreds of millions of dollars, much of it invested abroad." Other reports have placed the combined wealth of Mr. and Mrs. Marcos at well over \$1 billion.

American officials, who asked not to be identified, said the United States investments included real estate in the Washington area as well as investments in banks and property on the West Coast and in the New York area.